

**04H  
INSURANCE  
COMPARISON OF BUDGETED FISCAL YEAR 2002-2003  
TO TOTAL RECOMMENDED FISCAL YEAR 2003-2004  
(INCLUSIVE OF DOUBLE COUNTED EXPENDITURES)**

Means of Financing & Table of Organization	As of 12-02-02 Existing Operating Budget 2002-2003	Total Recommended 2003-2004	Total Recommended Over/(Under) E.O.B.
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<b>GRAND TOTAL DEPARTMENT OF INSURANCE</b>	<b>General Fund</b>	\$0	\$0	\$0
	Interagency Transfers	\$0	\$0	\$0
	Fees and Self Gen.	\$22,568,881	\$22,218,767	(\$350,114)
	Statutory Dedications	\$876,352	\$898,870	\$22,518
	Interim Emergency Bd	\$0	\$0	\$0
	Federal	\$212,330	\$209,436	(\$2,894)
	<b>TOTAL</b>	<b>\$23,657,563</b>	<b>\$23,327,073</b>	<b>(\$330,490)</b>
	<b>T. O.</b>	<b>273</b>	<b>269</b>	<b>(4)</b>

**165 - Commissioner of Insurance**

> **ADMINISTRATION/FISCAL PROGRAM:** Administers and enforces the provisions of the Louisiana Insurance Code; responds to public information requests; monitors the effectiveness or weakness of the department's internal controls via internal audit; and assists small, minority, and disadvantaged agents and agencies to increase their knowledge of and participation in the industry. Also, manages the department's human, fiscal, property, and information systems resources and provides administrative services to the entire department.

<b>General Fund</b>	\$0	\$0	\$0
Interagency Transfers	\$0	\$0	\$0
Fees and Self Gen.	\$5,986,818	\$5,374,164	(\$612,654)
Statutory Dedications	\$30,000	\$30,000	\$0
Interim Emergency Bd.	\$0	\$0	\$0
Federal	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$6,016,818</b>	<b>\$5,404,164</b>	<b>(\$612,654)</b>
<b>T. O.</b>	<b>66</b>	<b>66</b>	<b>0</b>

**MAJOR CHANGES FROM EXISTING OPERATING BUDGET**

Total Personal Services - Funding adjustments necessary to fund salaries, other compensation, and related benefits, with attrition, for 66 recommended positions. The recommendation also includes a statewide adjustment to Group Benefits. (\$19,986 Fees and Self-generated Revenues)

Adjustments to acquisitions and major repairs (-\$172,431 Fees and Self-generated Revenues)

Standard operational adjustment in fees paid to Risk Management, Legislative Auditor, Uniform Payroll System, Civil Service, Maintenance, Capitol Security, CPTP and Administrative Law (-\$49,395 Fees and Self-generated Revenues)

Funding for expansion of information technology scanning services (\$100,200 Fees and Self-generated Revenues)

Funding for telecommunications management adjustment (\$101,940 Fees and Self-generated Revenues)

Funding for e-mail charges (\$13,140 Fees and Self-generated Revenues)

Non-recurring moving expenses to the Julian Poydras building (-\$626,094 Fees and Self-generated Revenues)

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	Existing Operating Budget 2002-2003	Total Recommended 2003-2004	

OBJECTIVE: To retain accreditation by the National Association of Insurance Commissioners (NAIC) through the fiscal year.

PERFORMANCE INDICATOR:

Percentage of accreditation of department by NAIC retained

100%	100%	0%
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OBJECTIVE: Through the Internal Audit Division, each fiscal year, to identify the adequacy or weakness of the department's internal control processes by performing scheduled internal audits, and assuring that there are no repeat findings in the legislative auditor's reports.

PERFORMANCE INDICATOR:

Number of repeat findings in annual legislative auditor's report

0	0	0
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> **MARKET COMPLIANCE PROGRAM:** Regulates the insurance industry in the state by analyzing and examining regulated entities, licensing entities engaged in the insurance business, and ensuring that rates charged are not excessive or inadequate, or unfairly discriminatory. Also provides legal representation to the department in regulatory matters; promulgates rules and regulations and sets policies and procedures; oversees, with court approval, the liquidation of companies placed in receivership and sees to the distribution of the assets among the companies creditors, including the Louisiana Insurance Guaranty Association (LIGA) and the Louisiana Life and Health Insurance Guaranty Association (LLHIGA); and investigates reported instances of suspected insurance fraud.

General Fund	\$0	\$0	\$0
Interagency Transfers	\$0	\$0	\$0
Fees and Self Gen.	\$16,582,063	\$16,844,603	\$262,540
Statutory Dedications	\$846,352	\$868,870	\$22,518
Interim Emergency Bd.	\$0	\$0	\$0
Federal	\$212,330	\$209,436	(\$2,894)
<b>TOTAL</b>	<b>\$17,640,745</b>	<b>\$17,922,909</b>	<b>\$282,164</b>
T. O.	207	203	(4)

**MAJOR CHANGES FROM EXISTING OPERATING BUDGET**

Total Personal Services - Funding adjustments necessary to fund salaries, other compensation, and related benefits, with attrition, for 203 recommended positions. This includes a net reduction of 4 positions due to personnel reductions. The recommendation also includes a statewide adjustment to Group Benefits. (\$157,310 Fees and Self-generated Revenues; \$32,518 Statutory Dedications; \$7,558 Federal Funds; TOTAL \$197,386)

Adjustments to acquisitions and major repairs (\$21,712 Fees and Self-generated Revenues; -\$10,000 Federal Funds; TOTAL \$11,712)

Standard operational adjustment in fees paid to Risk Management, Legislative Auditor, Uniform Payroll System, Civil Service, CPTP, Maintenance, Capitol Security and Administrative Law (-\$22,699 Fees and Self-generated Revenues)

Funding for telecommunications management adjustment (\$135,960 Fees and Self-generated Revenues)

Funding for expansion of information technology scanning services (\$66,800 Fees and Self-generated Revenues)

Funding for e-mail charges (\$8,760 Fees and Self-generated Revenues)

Funding for increase in interagency transfers expenditures to the Department of Justice for salary and related benefits of two assistant attorneys general (\$7,251 Fees and Self-generated Revenues)

Non-recurring funding for professional services (-\$112,554 Fees and Self-generated Revenues; -\$10,452 Federal Funds; TOTAL -\$123,006)

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OBJECTIVE: Through the Licensing Division, of the Office of Licensing and Compliance, to oversee the licensing of producers in the state and to work with the Information Technology Division to effect a smooth transition to the e-commerce environment.

PERFORMANCE INDICATORS:

Number of new producer licenses issued  
Number of producer license renewals processed  
Number of company appointments processed

15,500	15,500	0
24,000	33,800	9,800
375,000	325,000	(50,000)

OBJECTIVE: Through the Company Licensing Division, to review company applications and filings within an average of 90 days.

PERFORMANCE INDICATORS:

Percentage of company filings and applications processed during the fiscal year in which they are received  
Average number of days to review company filings and applications

85%	85%	0%
120	90	(30)

OBJECTIVE: Through the Consumer Affairs Division in the Office of Licensing and Compliance, to assist consumers by investigating to conclusion consumer complaints against Life and Annuity (L&A) insurers and producers.

PERFORMANCE INDICATORS:

Number of days to investigate to conclusion an L&A complaint  
Amount of claim payments and/or premium refunds recovered for complainants

99	80	(19)
\$850,000	\$1,000,000	\$150,000

OBJECTIVE: Through the Life and Annuity (L&A) Contract/Policy Forms Review Division in the Office of Licensing and Compliance, to pre-approve or disapprove all contract/policy forms within an average of 30 days.

PERFORMANCE INDICATORS:

Average number of days to process L&A contract/policy forms  
Percentage of L&A contract/policy forms approved

30	30	0
60%	60%	0%

OBJECTIVE: Through the Fraud Division in the Office of Licensing and Compliance, to reduce incidences of insurance fraud in the state.

PERFORMANCE INDICATORS:

Percentage of initial claim fraud complaint investigations completed within 10 working days  
Percentage of background checks completed within 15 working days

85%	85%	0%
85%	85%	0%

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OBJECTIVE: Through the Office of Financial Solvency, to monitor the financial soundness of regulated entities by performing examination (according to statutorily mandated schedules) and financial analysis each fiscal year.

PERFORMANCE INDICATORS:

Number of market conduct examinations performed  
 Percentage of market conduct examinations performed as a result of complaints  
 Percentage of domestic companies examined - financial  
 Percentage of domestic companies analyzed - financial  
 Percentage of companies other than domestic companies analyzed

30	30	0
33%	27%	-6%
18%	18%	0%
100%	100%	0%
20%	20%	0%

OBJECTIVE: Through the Insurance Premium Tax and Surplus Lines Tax Division of the Office of Financial Solvency, to initiate collection procedures on all insurance premium taxes and related penalties owed the state for that fiscal year.

PERFORMANCE INDICATORS:

Additional taxes and penalties assessed as a result of audit (in \$ millions)  
 Percentage of surplus lines brokers examined

\$1.30	\$1.50	\$0
20%	20%	0%

OBJECTIVE: Through the Consumer Affairs Division of the Office of Property and Casualty (P&C) Insurance, to conclude investigations of P&C related complaints within an average of 90 days.

PERFORMANCE INDICATORS:

Number of days to conclude a P&C complaint investigation  
 Amount of claim payments and/or premium refunds recovered for P&C complainant:

90	90	0
\$2,700,000	\$2,500,000	(\$200,000)

OBJECTIVE: Through the Forms Review Division of the Office of Property and Casualty (P&C) Insurance, to pre-approve or disapprove all contract forms for use by consumers.

PERFORMANCE INDICATORS:

Average number of days to process P&C contract/policy forms  
 Percentage of P&C contract/policy forms approved

105	45	(60)
35%	35%	0%

OBJECTIVE: Through the Office of Health, Quality Management Division, to investigate to conclusion consumer health-insurance related complaints.

PERFORMANCE INDICATORS:

Average number of days to investigate to conclusion a consumer health complain  
 Amount of claim payments/premium refunds recovered for health coverage complainant

90	75	(15)
\$2,000,000	\$2,000,000	\$0

OBJECTIVE: Through the Office of Health, Quality Management Division, to review health-coverage related policy/contract forms, advertising and rates, and approve or disapprove them per applicable laws, rules and regulations.

PERFORMANCE INDICATORS:

Average number of days to process health contract/policy forms, advertising and rates  
 Percentage of health contract/policy forms, advertising and rates approved

45	30	(15)
50%	65%	15%

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OBJECTIVE: Through the Office of Health, Quality Assurance Division, Medical necessity Review Organization (MNRO) Section, to review licensing applications and filings (new and renewal) and perform statutory examinations of MNROs.

PERFORMANCE INDICATOR:

Number of MNROs examined

0	15	15
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OBJECTIVE: Through the Senior Health Insurance Information Program (SHIIP) in the Office of Health to provide services and information about insurance and related subjects (Medicare, for example) to senior citizens throughout the state.

PERFORMANCE INDICATORS:

Estimated savings to counseled senior health clients

Number of seniors receiving services (telephone, home-site, at fairs, group presentation, etc.)

\$1,000,000	\$1,000,000	\$0
18,000	5,000	(13,000)

OBJECTIVE: Through the Office of Receiverships, to bring to court-approved closure all estates of companies in receivership at the beginning of FY 2001 by the end of FY 2008, and to bring to court-approved closure within five years of their being placed in receivership all companies newly placed in receivership after July 1, 2001.

PERFORMANCE INDICATORS:

Number of companies brought to court-approved closure

Total recovery of assets from liquidated companies

5	3	(2)
\$6,785,000	\$20,300,000	\$13,515,000

**TOTAL COMMISSIONER OF INSURANCE**

<b>General Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Interagency Transfers</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Fees and Self Gen.</b>	<b>\$22,568,881</b>	<b>\$22,218,767</b>	<b>(\$350,114)</b>
<b>Statutory Dedications</b>	<b>\$876,352</b>	<b>\$898,870</b>	<b>\$22,518</b>
<b>Interim Emergency Bd</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Federal</b>	<b>\$212,330</b>	<b>\$209,436</b>	<b>(\$2,894)</b>
<b>TOTAL</b>	<b>\$23,657,563</b>	<b>\$23,327,073</b>	<b>(\$330,490)</b>
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